Supreme Court, U.S.
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No. _____

In The

Supreme Court of the United States

October Term, 1997

IN THE MATTER OF:

VMS LIMITED PARTNERSHIP
SECURITIES LITIGATION

JOHN R. KIRWAN, CAROLYN KIRWAN,
THE JOHN R. KIRWAN TRUST,
CAROLINE SUSAN KIRWAN
and KATHLEEN MARY KIRWAN,

Petitioners.

**On Petition For Writ Of Certiorari
To The United States Court Of Appeals
For The Seventh Circuit**

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Certiorari should be granted so that the Supreme Court may consider whether the absence of a settling defendant's name in a notice of class action settlement is unreasonable per se since it fails to provide adequate notice of the release of claims against that defendant in violation of the Due Process Clause of the Fourteenth Amendment.

   The Supreme Court should make it clear that the Due Process Clause of the Fourteenth Amendment requires that a notice of class action settlement must specifically inform class members of the identity (*i.e.*, name) of each defendant which the settlement is releasing from liability so the class members may adequately evaluate their interests in the proposed settlement.

2. Certiorari should be granted so that the Supreme Court may consider whether a blanket release of claims unrelated to the cause of action made the primary subject matter of a class action settlement is unreasonable per se because it fails to provide adequate notice of claims and causes of action being waived in violation of the Due Process Clause of the Fourteenth Amendment.

   The Supreme Court should make it clear that the Due Process Clause of the Fourteenth Amendment requires that a notice of class action settlement must adequately inform class members of the claims and causes of action they are waiving so the class members may adequately evaluate the proposed settlement.

CERTIFICATE OF INTERESTED PERSONS

The following parties have an interest in the outcome of this case:

(1) John R. Kirwan and Carolyn Kirwan

(2) The John R. Kirwan Trust, and Caroline Susan Kirwan and Kathleen Mary Kirwan, as Trustees

(3) David L. Sheller & Associates (David L. Sheller)

(4) Connecticut General Life Insurance Company

(5) Kathleen J. Hughes, individually and as an agent of Connecticut General Life Insurance Company

(6) Baker & Botts, L.L.P. (Allister Waldrop)

(7) Jenner & Block (Ellen R. Kordik)

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TO THE HONORABLE JUDGES OF SAID COURT:

COME NOW Petitioners, JOHN R. KIRWAN, CAROLYN KIRWAN, THE JOHN R. KIRWAN TRUST, CAROLINE SUSAN KIRWAN and KATHLEEN MARY KIRWAN ("the Kirwans" or "Petitioners") and pray that this Honorable Court issue a Writ of Certiorari to review the judgment of the United States Court of Appeals for the Seventh Circuit in the Petitioners' appeal from an injunction issued by the United States District Court for the Northern District of Illinois.

CITATION TO OPINION BELOW

The opinion of the United States Court of Appeals for the Seventh Circuit is an unpublished order: *In the Matter of VMS Limited Partnership Securities Litigation*; No. 97-1617; March 19, 1998. Appendix "A."

STATEMENT OF JURISDICTION

The judgment of the Court of Appeals was rendered on March 19, 1998, and the Order denying a rehearing was issued on May 14, 1998. Appendix "B."

Petitioners invoke the jurisdiction of this Court pursuant to 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS AND FEDERAL RULES AT ISSUE

This case involves the Due Process Clause of the Fourteenth Amendment to the United States Constitution and Rule 23(c) and (e) of the Federal Rules of Civil Procedure:

> "No State shall . . . deprive any person of life, liberty, or property, without due process of law. . . . " U.S. CONST. amend. XIV § 1.
>
> "In any class action . . . , the court shall direct to the members of the class the best notice practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort." FED. R. CIV. P. 23(c)(2).
>
> "A class action shall not be dismissed or compromised without the approval of the court, and notice of the proposed dismissal or compromise shall be given to all members of the class in such manner as the court directs." FED. R. CIV. P. 23(e).

STATEMENT OF THE CASE

On April 24, 1991, John R. Kirwan and his wife, Carolyn, entered into a financial planning contract with CIGNA Securities, Inc. On October 9, 1991, in an unrelated transaction, Mr. Kirwan purchased a $600,000.00 life insurance policy from Connecticut General Life Insurance Company. Nowhere on the policy does it indicate that Connecticut General Life Insurance Company is an affiliate of CIGNA Securities, Inc. **CIGNA Securities, Inc.**

specifically excluded the purchase of insurance products from being part of the financial planning contract.

On February 23, 1993, a settlement notice from the U.S. District Court for the Northern District of Illinois was sent to members of several classes involved in the *VMS Limited Partnership Securities Litigation*, including a Financial Planning Class of which, by virtue of the April 1991 financial planning agreement with CIGNA Securities, Inc., Mr. and Mrs. Kirwan were members. A summary of the settlement notice was published in the *Wall Street Journal* on March 4, 1993. Mr. and Mrs. Kirwan did not opt out of this class settlement. **The notice did not advise class members that Connecticut General Life Insurance Company was included as a settling defendant; Connecticut General was not specifically named in the settlement notice.**[1]

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[1] The notice failed to advise class members or the Kirwans that their causes of action against Connecticut General Life Insurance Company for "twisting," "churning," "piggybacking," or "financed insurance" (all hereinafter "churning") were included in the class.

"Churning" involves claims where policy values from other policies are used to finance the purchase and maintenance of a new policy. This is almost always against the policyholder's best interest since the cost of insurance increases as people age and new commissions and expenses are incurred by the sale. Many times loans placed on old policies without the policyholder's knowledge or consent will cause all policies to fail (*i.e.*, lapse). A lapse may also involve phantom taxable income to the policyholder. The agents and their managers are motivated to commit this type of fraud because large commissions and overrides are generated from the sale of new policies using cash value from 10- to 20-year-old policies, and it

On May 21, 1993, the final judgment in the *VMS Limited Partnership Securities Litigation* was signed by the U.S. District Court for the Northern District of Illinois.

In 1996, Mr. and Mrs. Kirwan discovered that they had been defrauded by Connecticut General Life Insurance Company and its agent, Kathleen J. Hughes, because the $600,000.00 life insurance policy purchased in October 1991 and owned by the John R. Kirwan Trust was paid for by "churning" six of the Kirwans' old life insurance policies. There were substantial cash values in the Kirwans' old policies which were lost. The "churned" policies consisted of three American General Life Insurance Company policies, two Government policies, and one Equitable Life Insurance Company policy. A separate and independent class action was filed against Connecticut General Life Insurance Company for the practice of "churning" life insurance policies. The Kirwans received notice from the United States District Court for the Central District of California; No. CV 95-3566 HLH (Ex.), *Alan B. Spitz et al. vs. Connecticut General Life Insurance Company*. The Kirwans chose to opt out of the class action filed against Connecticut General in California.

John R. Kirwan and Carolyn Kirwan, individually, and Caroline Susan Kirwan and Kathleen Mary Kirwan, as trustees of the John R. Kirwan Trust, filed suit against Connecticut General Life Insurance Company in the 189th District Court of Harris County, Texas, on August 30, 1996 ("the Texas action"). On November 19, 1996, a

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usually takes many years for the policyholders to discover that they have been defrauded.

group known as the CIGNA Settling Defendants filed a Motion in the U.S. District Court for the Northern District of Illinois to enjoin the Kirwans from pursuing the Texas action, claiming that the causes of action made the subject of the Texas action had been released in the *VMS Limited Partnership Securities Litigation* settlement. The Defendant's Motion to Enjoin was granted by Judge James B. Zagel on February 12, 1997. *See* Judge Zagel's Order, Appendix "C."

An appeal of Judge Zagel's Order enjoining the Kirwans' from pursuing the causes of action against Connecticut General Life Insurance Company in the 125th District Court of Harris County, Texas was made, and the U.S. Court of Appeals for the Seventh Circuit affirmed Judge Zagel's judgement on March 19, 1998. The Kirwans petitioned the Court of Appeals for a rehearing of this matter. The Petition for Rehearing was denied on May 14, 1998.

ARGUMENTS FOR GRANTING WRIT

1. **Certiorari should be granted so that the Supreme Court may consider whether the absence of a settling defendant's name in a notice of class action settlement is unreasonable per se since it fails to provide adequate notice of the release of claims against that defendant in violation of the Due Process Clause of the Fourteenth Amendment.**

The Supreme Court should make it clear that the Due Process Clause of the Fourteenth Amendment requires that a notice of class action settlement must specifically inform class members of the identity (*i.e.*, name) of each

defendant which the settlement is releasing from liability so the class members may adequately evaluate their interests in the proposed settlement.

The first page of the *VMS Limited Partnership Securities Litigation* settlement notice does not state that purchasers of life insurance from Connecticut General Life Insurance Company are included in the settlement class. Nothing in the Kirwans' life insurance contract with Connecticut General Life Insurance Company connects Connecticut General to CIGNA Securities, Inc. or to any arrangement between CIGNA Securities, Inc. and the Kirwans. *See* John R. Kirwan's life insurance policy No. 5065553 and the Life Insurance Application, Appendix "D." The life insurance purchase agreement between Mr. Kirwan and Connecticut General Life Insurance Company was completely separate from the Financial Planning Contract which was the subject matter of the *VMS Limited Partnership Securities Litigation* settlement. The class settlement notice sent to class members in the *VMS Limited Partnership Securities Litigation* did not identify Connecticut General Life Insurance Company as a party to the litigation or settlement. The Kirwans, therefore, could not have anticipated that the settlement would release causes of action arising from their relationship with Connecticut General Life Insurance Company. The straight forward rule is that a party releases only those other parties whom he intends to release. *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 401 U.S. 321, 347 (1971).

Perhaps the most elementary and fundamental requirement of due process in any proceeding which is to be accorded finality is that notice must be reasonably

calculated, under all the circumstances, to apprise interested parties of the pendency of the action and afford them an opportunity to present their objections. *Mullane v. Central Hanover Bank & Trust Co.*, 339 U.S. 306, 314 (1950); *Milliken v. Meyer*, 311 U.S. 457, 463 (1940). *See also* FED. R. CIV. P. 23(c)(2) (the court shall direct to the members of the class the best notice practicable under the circumstances). The notice must be of such a nature as to reasonably convey to the parties the required information. *Mullane*, 339 U.S. at 314. Moreover, the class notice sent to plaintiffs in a class action should sufficiently describe both the action and the plaintiffs' rights in it. *Phillips Petroleum Co. v. Shutts*, 472 U.S. 797, 812 (1985). A notice which does not identify the defendant does not sufficiently describe the action or the plaintiffs' rights.

The notice requirement of due process breaks down into two elements. First, the notice must be given in such a manner that it is reasonably likely to reach its intended audience. Second, the content of the notice must reasonably inform the recipient of the nature of the upcoming proceeding and the party's rights in it. *See Mullane*, 339 U.S. at 314; *In re Auto-Train Corp.*, 810 F.2d 270, 278-79 (D.C. Cir. 1987); *Mendoza v. United States*, 623 F.2d 1338, 1350-52 (9th Cir. 1980), *cert. denied sub nom., Sanchez v. Tucson Unified School Dist. No. 1*, 450 U.S. 912 (1981). Thus, to be effective, the class notice must be understandable by the recipient. *White v. Alabama*, 74 F.3d 1058, 1066 n.27 (11th Cir. 1996). Failure to meet either of these elements renders the notice defective. The who?, what?, when?, where?, why? and how? of the action must be contained in an adequate class action notice.

The notice sent to Mr. and Mrs. Kirwan informing them of the pendency of the *VMS Limited Partnership Securities Litigation* class action settlement specifically informed them that the Financial Planning Services Contract they entered into with CIGNA Securities, Inc. in April 1991 was included in the proposed settlement; however, the class settlement notice did not inform the Kirwans that claims they might have against Connecticut General Life Insurance Company would also be released. The notice did not state that Connecticut General Life Insurance Company was an entity that would be released in the settlement, although it did explicitly identify several other CIGNA-related entities by name. The class settlement notice failed to make any connection between the CIGNA Securities, Inc. financial planning agreement and the separate and distinct life insurance policy purchased from Connecticut General Life Insurance Company.

The requirement that the class settlement notice be the best practicable, reasonably calculated under these circumstances, to adequately inform the Kirwans that the Connecticut General life insurance policy would be included in the release could have easily been met by listing all companies which were affiliates of CIGNA Securities, Inc. This additional information would not have been much more burdensome to include and would have provided class members with the specific information they needed to evaluate the rights, claims, and causes of action which were being released and the fairness and adequacy of the proposed settlement. Such information is not only a good thing to include in class settlement notices, it is required to be included by the

mandates of due process. *See Shutts*, 472 U.S. at 812; *Mullane*, 339 U.S. at 314. The notice must be of such nature as reasonably to convey the required information, and must be such as one desirous of actually informing the class member of his rights might reasonably adopt to accomplish it. *See Mullane*, 339 U.S. at 314-15. Failure to meet these due process requirements renders the notice defective.

The class action settlement notice in the *VMS Limited Partnership Securities Litigation* was defective on its face. The notice did not inform the Kirwans that the settlement included Connecticut General Life Insurance Company and would discharge all rights they had to bring an action against Connecticut General. The Kirwans did not receive the due process guaranteed by the United States Constitution as to their causes of action against Connecticut General Life Insurance Company, and the Kirwans should not be prohibited from exercising their right to redress in the Texas action by the broad and general release of claims contained in the *VMS Limited Partnership Securities Litigation* settlement.

The Supreme Court should make it clear that the Due Process Clause of the Fourteenth Amendment requires that a notice of class action settlement must specifically inform class members of the identity (*i.e.*, name) of each defendant which the settlement is releasing from liability so the class members may adequately evaluate their interests in the proposed settlement.

2. **Certiorari should be granted so that the Supreme Court may consider whether a blanket release of claims unrelated to the cause of action made the primary subject matter of a class action settlement is unreasonable per se because it fails to provide adequate notice of claims and causes of action being waived in violation of the Due Process Clause of the Fourteenth Amendment.**

The Supreme Court should make it clear that the Due Process Clause of the Fourteenth Amendment requires that a notice of class action settlement must adequately inform class members of the claims and causes of action they are waiving so the class members may adequately evaluate the proposed settlement.

The Financial Planning Services Contract entered into by John and Carolyn Kirwan and CIGNA Securities, Inc. on April 24, 1991, and which was the subject of the *VMS Limited Partnership Securities Litigation*, specifically stated that the contract was "limited to recommending strategies . . . " and that the services to be provided were "analytical and advisory only. . . . " *See* Financial Planning Services One Year Contract, Appendix "F," at ¶ 5. The contract goes on to state as follows:

> **Implementation of product related recommendations is not included under this financial planning contract.** If you desire, CIGNA Securities, Inc. and its affiliates, **acting in a sales capacity**, will recommend specific investments, insurance or other financial products through which your plan can be specifically implemented. The purchase of such products normally results in the payment of commissions.

Id. (emphases added). Therefore, the purchase of insurance, securities or other investment or financial products was a distinct and separate transaction, and the "churning" of the Kirwans' old policies, which resulted from John Kirwan's purchase of a life insurance policy from Connecticut General Life Insurance Company, gives rise to separate and distinct causes of action which were not contemplated in the *VMS Limited Partnership Securities Litigation* class settlement notice.

The claims asserted in the Texas action arose from a separate and distinct transaction, which was specifically excluded from being part of the financial planning agreement. The Kirwans' purchase of life insurance from Connecticut General Life Insurance Company in October 1991 was not part of the Financial Planning Services Contract which was subject to the Release of Claims contemplated in the *VMS Limited Partnership Securities Litigation* class settlement notice. Nothing in the life insurance contract connects that purchase of life insurance to any financial plan or financial planning service of CIGNA Securities, Inc., or any arrangement between CIGNA and the Kirwans. *See* John R. Kirwan's life insurance policy No. 5065553 and the Life Insurance Application, Appendix "D."

The life insurance purchase agreement between Mr. Kirwan and Connecticut General Life Insurance Company required additional and separate consideration from Mr. Kirwan and was a completely separate transaction. The Financial Planning Services Contract identified in the settlement notice, which made John and Carolyn Kirwan members of the settlement class, explicitly excluded the purchase of products such as life insurance from being

part of the contract. The Kirwans, therefore, could not have anticipated that the settlement would release causes of action arising from the "churning" of their old life insurance policies to finance the policy purchased from Connecticut General Life Insurance Company.

The arguments and authorities contained in the first Argument for Granting Writ, regarding the requirement of due process, apply with equal force to this second Argument for Granting Writ and are incorporated herein by reference as if set forth in their entirety. *See* discussion and cases cited *supra*, pp. 7-8. A blanket release of claims does not advise the plaintiffs of what rights are being released.

The notice sent to Mr. and Mrs. Kirwan informing them of the pendency of the *VMS Limited Partnership Securities Litigation* class action settlement specifically informed them that the Financial Planning Services Contract they entered into in April 1991 was included in the proposed settlement; however, the class settlement notice failed to inform the Kirwans that claims relating to the life insurance policy purchased in a totally separate transaction would also be released. The purchase of insurance products had been specifically excluded from the financial planning contract. The class settlement notice failed to make any connection between the CIGNA Securities, Inc. financial planning agreement and the separate and distinct life insurance policy purchased from Connecticut General Life Insurance Company. The Kirwans never received valid consideration for the alleged release of future claims against Connecticut General Life Insurance Company.

The class action settlement notice in the *VMS Limited Partnership Securities Litigation* was defective on its face. The notice did not inform the Kirwans that the settlement included Connecticut General Life Insurance Company and would discharge all rights they had to bring an action against Connecticut General for the "churning" of their old life insurance policies which resulted from the purchase of a life insurance policy in a transaction totally separate and distinct from the financial planning agreement which was the subject of the *VMS Limited Partnership Securities Litigation*. The Kirwans did not receive the due process notice guaranteed by the United States Constitution as to their life insurance "churning" causes of action, and they should not be prohibited from exercising their right to redress in the Texas action by the broad and general release of claims contained in the *VMS Limited Partnership Securities Litigation* settlement.

"Courts should not recognize general releases of claims not known or contemplated by the parties at the time of the release." *Fair v. International Flavors & Fragrances*, 905 F.2d 1114, 1115 (7th Cir. 1990). In *Wagner v. Nutrasweet Co.*, the Northern District of Illinois also emphasized that claims not within the contemplation of the parties cannot be waived by signing a general release. 873 F. Supp. 87 (N.D.Ill. 1994), *aff'd*, 95 F.3d 527 (7th Cir. 1996) (citing *Riley v. American Family Mutual Ins. Co.*, 881 F.2d 368, 371 n. 6 (7th Cir. 1989) ("prospective waivers are unenforceable")). *See also Village of Fox River Grove Ill. v. Grayhill, Inc.*, 806 F. Supp. 785, 795 (N.D.Ill. 1992).

The Supreme Court should make it clear that the Due Process Clause of the Fourteenth Amendment requires that a notice of class action settlement must adequately

inform class members of the claims and causes of action they are waiving so the class members may adequately evaluate the proposed settlement.

CONCLUSION

The Seventh Circuit Court of Appeals decision should be overruled to clarify the minimum requirements of due process. The Kirwans never received valid consideration for the alleged release of future claims against Connecticut General Life Insurance Company for the "churning" of their life insurance policies. The blanket release of all claims against CIGNA-related entities provided the Kirwans with no remedy for the fraudulent acts of Connecticut General Life Insurance Company, and the alleged release should not be enforced. The Kirwans also had no idea they had been "churned," because the notice failed to inform them of the definition of "churning" and the release of claims for "churning." If the release had included the definition of "churning," the Kirwans would have been able to effectively exercise their right to stay in or opt out of the class. The California class action against Connecticut General Life Insurance Company did effectively advise the Kirwans of their rights, and the Kirwans chose to opt out of that class action. The requirement of due process through effective notice should be enforced, and the Kirwans should be allowed to pursue the Texas action.

The Release of Claims in the *VMS Limited Partnership Securities Litigation* class settlement notice is so broad it could be argued that, if the Kirwans were involved in a

traffic accident with a CIGNA associate or agent, their tort claims against that associate or agent would be barred by the release. Obviously, the notice did not contemplate the release of tort claims involving the sale of life insurance, because, if it had, The John R. Kirwan Trust could have easily been notified, as it was in the later class action litigation specifically filed against Connecticut General Life Insurance Company (Spitz vs. Connecticut General Life Ins. Co.; Case No. CV 95-3566 HLH (Ex.) in the U.S. District Court for the Central District of California).

The CIGNA Settling Defendants have used a happenstance transaction as a technicality to extend the *VMS Limited Partnership Securities Litigation* settlement. If the John R. Kirwan Trust and trustees were indeed meant to be included in the *VMS Limited Partnership Securities Litigation* class settlement, then why did the Spitz vs. Connecticut General class action not exclude them from its class definition? The CIGNA Settling Defendants' ploy to use the *VMS Limited Partnership Securities Litigation* settlement in this manner is a gross miscarriage of justice and a clear violation of due process. As such, Judge Zagel's order enjoining the Texas action, and the Seventh Circuit opinion affirming the order, should not be allowed to stand.

WHEREFORE PREMISES CONSIDERED, Petitioners JOHN R. KIRWAN, CAROLYN KIRWAN, THE JOHN R. KIRWAN TRUST, CAROLINE SUSAN KIRWAN and KATHLEEN MARY KIRWAN respectfully request that this Honorable Court grant this Petition for Writ of Certiorari in this matter and order that the injunction imposed on the Kirwans by Judge Zagel be lifted to allow

the Kirwans' lawsuit against Connecticut General Life Insurance Company and Kathleen J. Hughes in the 189th District Court of Harris County, Texas to proceed and for all such other and further relief, both at law and in equity, to which the Kirwans may be justly entitled.

Respectfully submitted,

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APPENDIX A

United States Court of Appeals
For the Seventh Circuit
Chicago, Illinois 60604

Argued September 16, 1997
Decided March 19, 1998

Before

Hon. Richard D. Cudahy, *Circuit Judge*

Hon. Joel M. Flaum, *Circuit Judge*

Hon. Daniel A. Manion, *Circuit Judge*

IN THE MATTER OF: VMS LIMITED PARTNERSHIP SECURITIES LITIGATION	)	Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.
No. 97-1617	)	No. 90 C 2412
APPEAL OF: JOHN R. KIRWAN, CAROLYN KIRWAN, CAROLINE S. KIRWAN, et al.	)	James B. Zagel, *Judge.*

ORDER

The district court permanently enjoined the appellants from prosecuting claims they had asserted in a state court case in Texas. The district court determined that the appellants were attempting to pursue claims they had released in a settlement of a class action that

the court had approved. This is part of the VMS Partnership litigation (*VMS Partners*) described *In the Matter of: VMS Sec. Litig.*, 103 F.3d 1317, 1319-20 (7th Cir. 1996) (VMS), albeit a different settlement involving other defendants.

The appellants are John R. Kirwan, Carolyn Kirwan, (the Kirwans) and the Trustees of the John R. Kirwan Trust (the Trust). They sued Connecticut General Life Insurance Company (Connecticut General) and Kathleen Hughes, one of Connecticut General's agents, in Texas state court. The dispute involved a life insurance policy the Kirwans bought on October 9, 1991, and placed in the Trust. The appellants' Texas court petition included allegations of material misrepresentations and omissions of fact regarding the policy in violation of Texas law (the Texas Claims).

A group of related defendants in VMS Partners moved to enjoin the appellants from pursuing their Texas claims. These were the "CIGNA Settling Defendants" (CIGNA): CIGNA Securities Inc., CIGNA Corporation, CIGNA Individual Financial Services Company, Insurance Company of North America, and CIGNA Realty Resources, Inc. – Sixth. Connecticut General and Kathleen Hughes are each a "CIGNA Entity," defined in a settlement notice of February 2, 1993, to include CIGNA, its affiliates and associates. According to CIGNA, the Kirwans belonged to a class of plaintiffs who had, as part of a settlement, released claims such as the Texas Claims – that is, any and all

> claims, actions, allegations, causes of action, demands, defenses, counterclaims, set-offs (both

> legal and equitable), rights or liabilities whatsoever-including, but not limited to, *known and unknown* claims in connection with, arising out of, or in any way related to any acts, facts, transactions, occurrences, representations, or omissions that *have been* or *might have been* asserted in the Partnership Action, the Funds Action, the *Financial Planning Action*, or any of the Consolidated Actions – that in any way arise from or relate to the Partnership or Funds, to the interests in the Partnership or Funds, to the marketing and sale of those interests, to any financial planning agreements or investment advisory agreements entered into by or with any CIGNA Entity, to any financial planning or *investment advice* provided by or involving any CIGNA Entity, to any other securities, investments, *policies*, or products with which *any CIGNA Entity* has or had *any involvement or role* whatsoever,

excepting "contractual claims" by class members "for benefits or coverage under and in accordance with the terms of insurance policies or *annuity contracts* issued by the CIGNA Settling Defendants or their affiliates" (the Released Claims).

CIGNA contended that the Kirwans, the Trust and its Trustees were subject to a May 21, 1993, order of the district court approving the settlement and barring prosecution of any Released Claims, which included the Texas Claims. Under the settlement, the Kirwans were members of the "Financial Planning Class" consisting of all persons who entered into a financial planning arrangement with CIGNA Securities, Inc.; the Kirwans had paid $1,250 for a financial planning contract with CIGNA Securities in

April of 1991. According to the petition in the Texas suit, as part of the financial planning arrangement between CIGNA Securities and the Kirwans, the Kirwans were induced to buy the life insurance policy.

In a three-page response to CIGNA's motion and supporting memorandum, the appellants asked the district court to deny the injunction for these reasons: (1) notice of the settlement was not provided to the Trust or Caroline Susan Kirwan as Trustee, (2) the Kirwans were unaware that they had a life insurance claim when they received the notice, (3) the notice did not mention life insurance, and (4) the Kirwans received no consideration for the release of claims against Connecticut General. The district court rejected the appellants arguments on the grounds that (1) the Trust and Trustees were successors and assignees to whom notice was not required, (2) the release clearly covered future and unknown claims, (3) the notice mentioned policies, which included life insurance policies, and finally that (4) the Kirwans did receive consideration, in the form of a right to claim a share of the settlement funds, a right they simply failed to timely exercise.

Either the All Writs Act, 28 U.S.C. § 1651(a), or the relitigation exception to the Anti-Injunction Act, 28 U.S.C. § 2283, gave the district court jurisdiction over CIGNA's motion. The district court's memorandum opinion and order of May 21, 1993, used the same language quoted in VMS for the VMS Partners, *see VMS*, 103 F.3d at 1320, to retain jurisdiction to enforce the settlement. *See id.* at 1326 n.4; *Rivet v. Regions Bank*, No. 96-1971, 118 S. Ct. 921, n.3, 1998 WL 71832 (Feb. 24, 1998), at *6 n.3. Upon timely

request, we review interlocutory orders granting injunctions. *See* 28 U.S.C. § 1292(a)(1). After the appellants filed their timely notice of appeal, they filed untimely motions for reconsideration. We may not review orders while a timely motion for reconsideration is pending in the district court, but an untimely motion for reconsideration is another story. *See* Fed. R. App. P. 4(a)(4); *Simmons v. Ghent*, 970 F.2d 392, 393 (7th Cir. 1992). We therefore press on to consider whether the district court abused its discretion. *See VMS*, 103 F.3d at 1323.

Although the appellants raise a new argument before this court – that the notice the Kirwans received does not mention Connecticut General – most of the arguments they have preserved for appeal, *see Jean v. Dugan*, 20 F.3d 255, 265 (7th Cir. 1994), are made in almost the identical, conclusory form as presented to the district court. *Compare* Br. for Appellants 7-11 with App. of settling Def.'s-Appellees AA99-AA102. (1) Before this court, as before the district court, the appellants merely observe that no notice was sent to the Trust or to one of the Trust's trustees (although an approved notice appeared in the *Wall Street Journal* on March 4, 1993), without explaining the legal significance of the omission or citing any cases. This point is therefore waived. *See, e.g., Mathis v. New York Life Ins. Co.*, 133 F.2d 546, 548 (7th Cir. 1998) (per curiam). We note further that appellants do not argue that the Trust is not a successor or assignee of the Kirwans, that the Trust is not in privity with the Kirwans, *see Sanders Confectionary Prods. v. Heller Fin.*, 973 F.2d 474, 481 (6th Cir. 1992), or that CIGNA had notice of the assignment at the time of the settlement, *see In re Fine Paper Lit.*, 632 F.2d 1081, 1091 (3d Cir. 1980). As nonparties to the settlement,

neither the Trust nor the Trustees could be held in contempt of the settlement order merely for having filed the Texas Claims unless they knew of the order. But they have notice now, and may become bound by the order by virtue of their privity with the Kirwans. *See Rockwell Graphics Sys. v. Dev Indus.*, 91 F.3d 914, 919 (7th Cir. 1996).

(2) The appellants argue that the term "Released Claims" "could not cover [a] claim[ ] that [they] could not have known about" at the time of the settlement. *Wagner v. Nutrasweet Co.*, 95 F.3d 527, 533 (7th Cir. 1996). But a release of "known and unknown" claims covers "claims that could arise." *Id.* (emphasis added). The plaintiffs do not explain what the reference to "unknown claims" in the settlement agreement refers to if it does not at least cover claims, based on conduct that occurred prior to the settlement, that were not "known" claims. Then too there are general releases and there are general releases. Some do not refer to unknown claims, and courts may resist inferring that such general releases, as a matter of law, extend to unknown claims. *See, e.g., Beauvoir v. Rush-Presbyterian-St. Luke's Med. Ctr.*, 484 N.E.2d. 841, 847 (Ill. App. Ct. 1985). And the federal securities laws restrict released claims to "mature, ripened claims of which the releasing party had knowledge before signing the release." *Goodman v. Epstein*, 582 F.2d 388, 402 (7th Cir. 1978). There may be other circumstances in which general releases should be construed narrowly, but the appellants have not referred us to any that apply here, much less established that a general release, however worded, is always limited to claims of which a party has actual or at least constructive knowledge. The appellants have not established that, as a matter of law, the Texas Claims are

not Released Claims. Nor have they shown (or even suggested) that the district court's interpretation of the settlement language on this point was otherwise an abuse of its discretion.

(3) The district court concluded that the language in the settlement agreement covering "policies" included "life insurance policies," and so applied to the Texas Claims. We would consider whether this conclusion – although it seems sensible – was an abuse of discretion if the appellants suggested any reason why it was, but they do not. (4) For the same reason, we must accept the district court's conclusion that the option the Kirwans received was consideration for their release of Released Claims. The Kirwans do not contend that the option to submit a settlement claim was worthless at the time of the settlement. There is also no requirement that a class member submit a claim form before being bound by a class action settlement. *See* 3 *Newberg on Class Actions* §§ 16.20-16.25 (3d ed. 1992).

The judgment is AFFIRMED.

APPENDIX B

United States Court of Appeals
For the Seventh Circuit
Chicago, Illinois 60604

May 14, 1998.

Before

Hon. RICHARD D. CUDAHY, Circuit Judge
Hon. JOEL M. FLAUM, Circuit Judge
Hon. DANIEL A. MANION, Circuit Judge

IN THE MATTER OF:

VMS LIMITED PARTNERSHIP SECURITIES LITIGATION

No. 97-1617 v.

APPEAL OF:

JOHN E. KIRWAN, CAROLYN KIRWAN, CAROLINE S. KIRWAN, et al.

Appeal from the United States District Court for the Northern District of Illinois, Eastern Division.

No. 90 C 2412

James B. Zagel, *Judge.*

ORDER

This case is before the court on a petition for rehearing, filed on April 2, 1998. All of the judges on the original panel have voted to deny a rehearing. Accordingly,

IT IS ORDERED that the aforesaid petition for rehearing be, and the same is hereby, DENIED.

APPENDIX C

PROPOSED

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

In the Matter of VMS LIMITED PARTNERSHIP SECURITIES LITIGATION Consolidated Pretrial Proceeding	Case No. 90 C 2412 Judge James B. Zagel

ORDER GRANTING CIGNA SETTLING DEFENDANTS' MOTION TO ENFORCE JUDGMENT AND TO ENJOIN JOHN R. KIRWAN, CAROLYN KIRWAN, CAROLINE SUSAN KIRWAN, KATHLEEN MARY KIRWAN AND THE JOHN R. KIRWAN TRUST FROM ASSERTING RELEASED CLAIMS

The Court being presented with the CIGNA Settling Defendants' Motion To Enforce Judgment And To Enjoin John R. Kirwan, Carolyn Kirwan, Caroline Susan Kirwan, Kathleen Mary Kirwan And The John R. Kirwan Trust From Asserting Released Claims, and being advised of the bases for that motion,

HEREBY ORDERS that the motion is GRANTED. It is further ordered that:

1. John R. Kirwan and Carolyn Kirwan (the "Kirwans") are Settling Class Members in this case, as that term is defined in the January 26, 1993 Amended Stipulation Of Settlement (the "Settlement Agreement");

2. The Kirwans, the John R. Kirwan Trust (the "Trust"), and Caroline Susan Kirwan, as trustees of the Trust (the "Kirwan daughters"), are bound by this Court's May 21, 1993 final judgment order in this case;

3. This Court's prior injunction barring the initiation or prosecution of any of the claims released in the settlement applies to to [sic] the Kirwans, the Trust, and the Kirwan daughters;

4. The claims asserted in *Kirwan, et al. v. Connecticut General Life Insurance Co., et al.*, No. 96-44674 (Dist. Ct., Harris County, Texas), are Released Claims, as that term is joined in the Settlement Agreement; and

5. The Kirwans, the Trust, and the Kirwan daughters are permanently enjoined from prosecuting any of the claims asserted in *Kirwan, et al. v. Connecticut General Life Insurance Co., et al.*, No. 96-44674 (Dist. Ct., Harris County, Texas), and from prosecuting any other action or proceeding against any CIGNA Released Person relating to the Released Claims, as those terms are defined in the Settlement Agreement.

Dated: Feb. 12, 1997 /s/ James B. Zagel
James B. Zagel, United States District Judge

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J. Kevin McCall
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Attorneys for CIGNA Securities, Inc.
(now known as CIGNA Financial Advisors, Inc.)

(Reserved for use by the Court)

ORDER

In Re VMS	90 C 2412	Judge Zagel

This is another of a series of cases in which settling defendants in a class action seek to enjoin purported members of the settling plaintiff class from pursuing released claims in other courts. The law governing these cases is clear, largely as a result of decisions on appeal from other rulings in this and one other large scale litigation over the operations of VMS. While the law is clear, its application obviously requires attention to the detail of each situation in which an injunction is sought.

The Kirwan respondents have sued Cigna and its agent Hughes. The case is in Texas and alleges bad financial advice was given, and there was wrongful inducement to buy a life insurance policy without disclosing the effect of interest rates on premiums. John Kirwan and his spouse bought the policy and put it in a trust of which their daughters are trustees. In Texas the Kirwans are suing on their own behalf, and their daughters are suing on behalf of the trust. The Kirwans are members of the Financial Planning Class which settled here. They did not opt out. Under the terms of the settlement, this releases their claims and those of successors and assignees. And the release is very broad in its definition of the claims in encompasses.

The response of the Kirwans is difficult to fathom since it first discusses a California lawsuit from which

they have opted out, perhaps to show that they are willing to opt out of class actions. Of course it also shows that they know how to opt out when they want to do so. The California action may well have had some overlap with the case here and a specific provision was made to permit recovery in the California action for claimants without attorneys and subject to a set off for what was paid in the case here. Whatever waiver of Cigna's rights under the release happens to have been made in the California case does not help the Kirwans, if no other reason than the fact they opted out of the California case and under the California settlements terms were remitted to whatever relief they had not released. The rest of their points are these: the settlement notice did not specifically mention life insurance, and they thought their deal with Cigna involved only stocks and bonds, the notice was not sent to the trust or the trustees, and they did not get a dime out of the settlement. The basic facts which underlie Cigna's motion are not disputed. The Kirwans' arguments fail (assuming one can call their conclusory text an argument). The notice did refer to policies, not just to stocks and bonds and other investments. There is no weight to the argument that the failure to mention "life" insurance policies is a flaw in the notice. I am unwilling to credit the proposition that "any policies" does not include life policies; just as I was unwilling to credit the argument I recently heard that commissions were not due on sales of birthday party food because the contract did not mention birthday parties and merely called for commissions on all sales. The relationship which is the subject of the Kirwan's Texas lawsuit is the financial planning and estate planning advice they got from Cigna

and this, as they tell us in the Texas lawsuit, was the suggestion to buy the policy.

Notice did not have to be sent to successors and assignees. The trust might have a claim against the Kirwans for their failure to notify it but the trust has no claim against Cigna.

The release covered future or unknown claims and it clearly said so. The Kirwan's lack of awareness then of what is now claimed in Texas does not save the Texas case.

The Kirwans never submitted a claim form and this is why they never received money but they did receive consideration which was the right to claim and receive it. They made no use of that consideration but they had it and have never sought relief from this court (and do not now) from the financial consequences of failing to file a timely claim form.

Cigna's motion to enforce judgment is granted.

/s/ James B. Zagel
U.S.D.J.

APPENDIX D

Insured JOHN R KIRWAN 5065553 Policy Number

Initial Specified Amount $600,000
OCTOBER 9, 1991 Date of Issue

Connecticut General Life Insurance Company
HARTFORD CONNECTICUT

The Company agrees to pay the death benefit to the Beneficiary upon receipt of due proof of the insured's death during the continuance of the policy. The Company further agrees to pay the net cash value to the Owner on the Maturity Date provided the Insured is then alive.

Right to Examine Policy. The policy may be returned to the insurance agent through whom it was purchased or to the Company within 10 days after its receipt (20 days after its receipt where required by law for policies issued in replacement of other insurance). If the policy is so returned, it will be deemed void from the Date of Issue, and the Company will refund the premium paid.

The policy is issued and accepted subject to the terms set forth on the following pages, which are made a part of the policy. In consideration of the application and the payment of premiums as provided, this policy is executed by Connecticut General Life Insurance Company as of its Date of Issue.

(Illegible)
Registrar

Laurence P. English
PRESIDENT

Flexible Premium Adjustable Life Insurance Policy – Non-Participating Death benefit payable in the event of death before the Maturity Date. Adjustable death benefit. Net Cash Value payable on the Maturity Date.

Flexible Premiums payable to Maturity Date or prior death of the Insured. Premium Payment Periods and Supplementary Overages as shown in the Policy Specifications.

POLICY SPECIFICATIONS

INSURED	JOHN R KIRWAN
INITIAL SPECIFIED AMOUNT	$600,000
MINIMUM SPECIFIED AMOUNT	$100,000
MONTHLY ANNIVERSARY DAY	9

5065553	POLICY NUMBER
OCTOBER 9, 1991	DATE OF ISSUE
67	AGE AT ISSUE
NONSMOKER	PREMIUM CLASS
OCTOBER 9, 2019	MATURITY DATE

FORM	BENEFIT
LN505	FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE
	DEATH BENEFIT EQUALS SPECIFIED AMOUNT (WHICH INCLUDES THE CASH VALUE)

BENEFIT AMOUNT	EFFECTIVE DATE	MONTHLY INSURANCE COST	YEARS DEDUCTIBLE
SEE INITIAL SPECIFIED AMOUNT	DATE OF ISSUE	SEE PAGE 13	28

MINIMUM INITIAL PREMIUMS:
$53,727.78 DURING FIRST POLICY YEAR OR A MINIMUM OF 1/3 OF THIS AMOUNT PAYABLE DURING POLICY YEARS 1, 2 AND 3.

PAYMENT MODE: ANNUAL

NOTE: COVERAGE WILL END PRIOR TO THE MATURITY DATE SHOWN WHERE MINIMUM INITIAL PREMIUM REQUIREMENTS ARE NOT MET, OR SUBSEQUENT PREMIUMS ARE INSUFFICIENT TO CONTINUE COVERAGE TO SUCH DATE.

AS OF THE DATE OF ISSUE, THE INTEREST RATE ON ANY POLICY LOAN AS DESCRIBED IN THE "LOAN INTEREST" PROVISION ON PAGE 14 IS 8%. THIS RATE WILL STAY IN EFFECT UNTIL THE COMPANY NOTIFIES THE OWNER OF A CHANGE IN SUCH RATE.

OWNER CAROLINE KIRWAN AND KATHLEEN KIRWAN, TRUSTEES UNDER THE JOHN R KIRWAN TRUST CREATED UNDER AN AGREEMENT OF TRUST WITH JOHN ROUNSEVILLE KIRWAN, DATED OCTOBER 1, 1991, OR THE SUCCESSOR(S) IN SAID TRUST.

BENEFICIARY CAROLINE KIRWAN AND KATHLEEN KIRWAN, TRUSTEES UNDER THE JOHN R KIRWAN TRUST, CREATED UNDER AN AGREEMENT OF TRUST WITH JOHN ROUNSEVILLE KIRWAN, DATED OCTOBER 1, 1991, OR THE SUCCESSOR(S) IN SAID TRUST.

TABLE OF SURRENDER CHARGES

THE CHARGE ASSESSED UPON SURRENDER OF THE POLICY WILL BE THE LESSER OF THE SURRENDER CHARGE SHOWN OR THE THEN CURRENT CASH VALUE UNDER THE POLICY.

PRORATED SURRENDER CHARGES WILL BE ASSESSED WHENEVER THE POLICY SPECIFIED AMOUNT (DEATH BENEFIT) IS DECREASED.

POLICY YEAR	SURRENDER CHARGE AS OF BEGINNING OF POLICY YEAR
1	$29,700
2	28,535
3	27,371
4	26,195
5	25,013
6	23,825
7	22,643
8	21,461
9	20,279
10	19,097
11	17,909
12	16,691
13	11,578
14	7,059
15	3,182
16 AND THEREAFTER	0

SPECIAL NOTE: The current monthly cost of insurance rate is
person insured. In determining the monthly c
Insurance Cost, if any, shown in the Policy
anteed Maximum Life Insurance Rates will b
Specifications. The rates below are based or

ATTAINED AGE (nearest birthday)	MALE MONTHLY RATE	FEMALE MONTHLY RATE	ATTAINED AGE (nearest birthday)
0	0.34845	0.24089	35
1	0.08917	0.07251	36–
2	0.08251	0.06750	37
3	0.08167	0.06584	38
4	0.07917	0.06417	39
5	0.07501	0.06334	40
6	0.07167	0.06084	41
7	0.06667	0.06000	42
8	0.06334	0.05834	43
9	0.06167	0.05750	44
10	0.06084	0.05667	45
11	0.06417	0.05750	46
12	0.07084	0.06000	47
13	0.08251	0.06250	48
14	0.09584	0.06667	49
15	0.11085	0.07084	50
16	0.12585	0.07501	51
17	0.13919	0.07917	52
18	0.14836	0.08167	53
19	0.15502	0.08501	54
20	0.15836	0.08751	55
21	0.15919	0.08917	56
22	0.15752	0.09084	57
23	0.15502	0.09251	58
24	0.15169	0.09501	59
25	0.14752	0.09668	60
26	0.14419	0.09918	61
27	0.14252	0.10168	62
28	0.14169	0.10501	63
29	0.14252	0.10835	64
30	0.14419	0.11251	65
31	0.14836	0.11668	66
32	0.15252	0.12085	67
33	0.15919	0.12502	68
34	0.16669	0.13168	69

based on the sex, attained age (nearest birthday) and Premium Class of the st of insurance, the Company will add the amount of the Flat Extra Monthly Specifications. If the person insured is in a rated premium class, the Guar- those in the table multiplied by the Risk Factor, if any, shown in the Policy the 1980 CSO Tables (Male or Female as appropriate).

MALE MONTHLY RATE	FEMALE MONTHLY RATE
0.17586	0.13752
0.18670	0.14669
0.20004	0.15752
0.21505	0.17003
0.23255	0.18503
0.25173	0.20171
0.27424	0.22005
0.29675	0.23922
0.32260	0.25757
0.34929	0.27674
0.37931	0.29675
0.41017	0.31677
0.44353	0.33761
0.47856	0.36096
0.51777	0.38598
0.55948	0.41350
0.60870	0.44270
0.66377	0.47523
0.72636	0.51276
0.79730	0.55114
0.87326	0.59118
0.95591	0.63123
1.04192	0.66961
1.13378	0.70633
1.23235	0.74556
1.34180	0.78979
1.46381	0.84488
1.60173	0.91417
1.75809	1.00267
1.93206	1.10539
2.12283	1.21731
2.32623	1.33511
2.54312	1.45461
2.77350	1.57247
3.02328	1.69955

ATTAINED AGE (nearest birthday)	MALE MONTHLY RATE	FEMALE MONTHLY RATE
70	3.30338	1.84590
71	3.62140	2.02325
72	3.98666	2.24419
73	4.40599	2.51548
74	4.87280	2.83552
75	5.37793	3.19685
76	5.91225	3.59370
77	6.46824	4.01942
78	7.04089	4.47410
79	7.64551	4.97042
80	8.30507	5.52957
81	9.03761	6.17118
82	9.86724	6.91414
83	10.80381	7.77075
84	11.82571	8.72632
85	12.91039	9.76952
86	14.03509	10.89151
87	15.18978	12.08770
88	16.36948	13.35774
89	17.57781	14.70820
90	18.82881	16.15259
91	20.14619	17.71416
92	21.57655	19.43814
93	23.20196	21.40786
94	25.28174	23.83051

Table of Expense Charges

The following expenses are charged under this policy:

- An initial policy fee of $300.
- A monthly charge of $5 beginning on the Date of Issue.
- A charge of 5% of all premiums received.
- A fee of $25.00 for each partial surrender.

Premium and Reinstatement Provisions

Payment of Premiums. All premiums are payable at the Home Office or to an authorized agent of the Company. The first premium is due on the Date of Issue and is payable in advance. Subsequent premium payments may be made at any time before the Maturity Date. Receipts signed by the President or Secretary and duly countersigned will be furnished upon request.

Monthly Anniversary Days, policy months, policy years and policy anniversaries are computed from the Date of Issue.

Minimum Premiums. The Minimum Initial Premium as shown in the Policy Specifications for the Initial Specified Amount as of the Date of Issue is the amount required to prevent the policy from lapsing. Thereafter, the minimum premium is the amount required to maintain a positive surrender value as set forth under the "Grace Period" provision.

Planned Annual Premiums. The Company will send premium reminder notices for the amounts and frequency of payments established by the Owner. The Company reserves the right to stop sending such notices if no premium payment is made within 2 policy years. Changes in the amounts or frequency of such payments will be subject to consent of the Company.

Unscheduled Premiums. In addition to planned annual premiums, unscheduled premium payments of at least $100.00 each may be made before the Maturity Date. The Company reserves the right to limit the amount or number of any such unscheduled premium payments if such is necessary to qualify the policy as life insurance under the Internal Revenue Code.

Brace Period. If the surrender value on any Monthly Anniversary Day is less than the required monthly deduction, a grace period of 61 days will be granted to pay a premium sufficient to cover the required monthly deduction. (The surrender value and monthly deduction are described under "Nonforfeiture Provisions".) If, however, the Minimum Initial Premium requirement for the amounts and frequency as set forth in the Policy Specifications is met, the policy will not lapse during the Minimum Initial Premium period.

At least 31 days before the end of the grace period the Company will send a notice that there is insufficient cash value under the policy. The notice will show the amount of premium required to cover the monthly deduction to prevent the policy from lapsing and will be mailed to the last known addresses of the Owner and the assignee of record with the Company, if any. If such premium, as

billed by the Company, is not paid within the grace period, all coverage under the policy will terminate without value at the end of the grace period. If the Insured dies during the grace period, the company will deduct any overdue monthly deductions from the benefits.

Reinstatement. After the policy has lapsed due to the expiration of a grace period, it may be reinstated at any time prior to the Maturity Date provided: (a) it has not been surrendered for cash, (b) a written application for reinstatement is submitted to the Company, (c) evidence of insurability satisfactory to the Company is furnished, (d) enough premium is paid to keep the policy in force for at least 2 months, and (e) any indebtedness against the policy increased by any loan interest is paid or reinstated.

The effective date of the reinstated policy will be the Monthly Anniversary Day that coincides with or next follows the date the application for reinstatement is approved by the Company. The charges shown in the "Table of Surrender Charges" under this policy will be reinstated as of the policy year in which the policy lapsed.

Ownership, Assignment and Beneficiary Provisions

Owner. The Owner on the Date of Issue will be the person designated in the Policy Specifications. If no Owner is designated, the insured will be the Owner.

Rights of Owner. While the Insured is alive, the Owner may exercise all rights and privileges under the policy including the right to: (a) release or surrender the policy

to the Company, (b) agree with the Company to any change in or amendment to the policy, (c) transfer all rights and privileges to another person, and (d) assign the policy.

All rights and privileges of Owner may be exercised without the consent of any designated transferee, or any Beneficiary if the Owner has reserved the right to change the Beneficiary. All such rights and privileges, however, may be exercised only with the consent of any assignee recorded with the Company and the Beneficiary if the Owner has not reserved the right to change the Beneficiary.

Unless provided otherwise, if the Owner is a person other than the Insured and dies before the Insured, all the rights and privileges of Owner will vest in the Owner's executors, administrators or assigns.

Transfer of Owner. The Owner may transfer all rights and privileges of Owner. On the effective date of transfer, the transferee will become the Owner and will have all the rights and privileges of Owner. The Owner may revoke any transfer prior to its effective date.

Unless provided otherwise, a transfer will not affect the interest of any Beneficiary designated prior to the effective date of the transfer.

A transfer of Owner, or a revocation of transfer, must be in writing on a form satisfactory to the Company and filed at the Home Office. A transfer, or a revocation, will not take effect until recorded in writing by the Company. When a transfer or revocation has been so recorded, it will take effect as of the effective date specified by the

Owner. Any payment made or any action taken or allowed by the Company before the transfer, or the revocation, is recorded will be without prejudice to the Company.

Assignment. The Company will not be affected by any assignment of the policy until the original assignment or a certified copy of the assignment is filed at the Home Office.

The Company does not assume responsibility for the validity or sufficiency of any assignment. An assignment of the policy will operate so long as the assignment remains in force.

To the extent provided under the terms of the assignment, an assignment will transfer the interest of any designated transferee or of any Beneficiary if the Owner has reserved the right to change the Beneficiary.

Beneficiary. The Beneficiary on the Date of Issue will be the person designated in the Policy specifications.

Unless provided otherwise, the interest of any Beneficiary who dies before the Insured will vest in the Owner or the Owner's executors, administrators or assigns.

Change of Beneficiary. A new Beneficiary may be designated from time to time. A request for change of Beneficiary must be in writing on a form satisfactory to the Company and filed at the Home Office. The request must be signed by the Owner. The request must also be signed by the Beneficiary if the right to change the Beneficiary has not been reserved to the Owner.

A change of Beneficiary will not take effect until recorded in writing by the Company. When a change of Beneficiary

has been so recorded, whether or not the insured is then alive, it will take effect as of the date the request was signed. Any payment made or any action taken or allowed by the Company before the change of Beneficiary is recorded will be without prejudice to the Company.

Unless provided otherwise, the right to change any Beneficiary is reserved to the Owner.

Insurance Coverage Provisions

Effective Date of Coverage. The effective date of this policy will be the Date of Issue provided the initial premium has been paid while the insured is alive and prior to any change in health from that shown in the original application. This provision will not, however, affect the terms of any Temporary Insurance Agreement.

For any increase or addition to coverage, the effective date will be the Monthly Anniversary Day that coincides with or next follows the date the supplemental application is approved by the Company provided (a) sufficient cash value exists under the policy to cover the cost for the increase or (b) sufficient premium for the increase or addition has been paid.

For any insurance that has been reinstated, the effective date will be the Monthly Anniversary Day that coincides with or next follows the day the application for reinstatement is approved by the Company.

Termination of Coverage. All coverage under this policy will automatically terminate upon whichever of the following occurs first:

1. The Owner surrenders the policy.
2. The Insured dies.
3. The policy matures.
4. The grace period ends.

Any monthly deduction made after termination of coverage will not, by itself, be considered a reinstatement of the policy nor a waiver by the Company of the termination. Any such deduction will be refunded.

Death Benefit. If the Insured dies while the policy is in force, the Company will pay a death benefit based upon the Specified Amount Option in effect on the date of death, less (a) any indebtedness against the policy and (b) the amount of any partial surrenders. The Specified Amount Options available under this policy are as follows:

SPECIFIED AMOUNT OPTION A — The Insured's Specified Amount is in addition to the case value. The Insured's death benefit (before deduction of any indebtedness against the policy and the amount of any partial surrenders) will equal the greater of:

(a) the Specified Amount on the date of death plus the cash value on the date of death, or

(b) an amount determined by the Company equal to that required by the Internal Revenue Code to maintain this contract as a life insurance policy. any amount so determined will be set forth in the annual report which the Company will send to the Owner.

SPECIFIED AMOUNT OPTION B

The Insured's Specified Amount includes the cash value. The Insured's death benefit (before deduction of any indebtedness against the policy and the amount of any partial surrenders) will equal the greater of:

(a) the Specified Amount on the date of death, or

(b) an amount determined by the Company equal to that required by the Internal Revenue Code to maintain this contract as a life insurance policy. Any amount so determined will be set forth in the annual report which the Company will send to the Owner.

Unless the application for the policy indicates otherwise, or a change in the death benefit option is effected as provided below, the Company will consider Specified Amount Option B to be the option in effect.

Changes in Amount of Death Benefit. Unless provided otherwise, a change in death benefit may be effective under this policy, subject to (a) the consent of the Company and (b) the following conditions:

1. All such changes must be requested in writing on a form satisfactory to the Company and filed at the Home Office.

2. If a decrease in the Insured's Specified Amount is requested, the decrease will become effective on the Monthly Anniversary Day that coincides with or next follows receipt of the request provided any requirements as determined by the Company are met.

   In such event, the Company will reduce the existing Specified Amount against the most recent increase

first, then against the next most recent increased successively, and finally, against insurance provided under the original application; however, the Company reserves the right to limit the amount of any decrease so that the Specified Amount will not be less than the Minimum Specified Amount shown in the Policy Specifications.

3. If an increase in the Insured's Specified Amount is requested:

   (a) a supplemental application must be submitted and evidence of insurability satisfactory to the Company must be furnished; and

   (b) any other requirements as determined by the Company must be met.

   If the Company approves the request, the increase will become effective upon (i) the Monthly Anniversary Day that coincides with or next follows the date the request is approved by the Company and (ii) the deduction from the cash value of the first month's cost of insurance for the increase. An increase in amount will result in additional surrender charges and a new Table of Surrender Charges will be provided when such increase takes effect.

4. If a request is made to change the death benefit from Specified Amount Option A to Specified Amount Option B:

   (a) the Specified Amount will be increased to equal the death benefit as of the effective date of change; and

   (b) the effective date will be the Monthly Anniversary Day that coincides with or next follows the date of receipt of the request for change.

5. If a request is made to change the death benefit from Specified Amount Option B to Specified Amount Option A:

   (a) the Specified Amount will be reduced to equal the death benefit, less the cash value, as of the effective date of change; and

   (b) the effective date will be the Monthly Anniversary Day that coincides with or next follows the date of receipt of the request for change.

Projection of Benefits and Values. The Company will provide a projection of illustrative future death benefits and cash values at any time upon written request and payment of a reasonable service fee. The fee payable will be the one then in effect for this service. The illustration will be based on (a) assumptions as to Specified Amount(s), type of coverage option(s) and future planned annual premium payments, and (b) such other assumptions (e.g., mortality and interest) as are necessary and specified.

Nonforfeiture Provisions

Cash Value. On each Monthly Anniversary Day, the cash value will be calculated as (1), plus (2), plus (3), minus (4), where:

(1) is the cash value on the preceding Monthly Anniversary Day.

(2) is all premiums received since the preceding Monthly Anniversary Day less the percentage of premium expense charge from the "Table of Expense Charges".

(3) is interest on items (1) and (2).

(4) is the monthly deduction for the monthly following the Monthly Anniversary Day.

If premium is received at any time other than the beginning of a policy month, the rate of interest used in the calculation of item (3) above will be determined pro rata from the date of receipt.

On any day other than a Monthly Anniversary Day, the cash value will be the cash value as of the preceding Monthly Anniversary Day, plus all premiums received since the preceding Monthly Anniversary Day less the percentage of premium expense charge from the "Table of Expense Charges". The cash value on the Date of Issue will be the initial premium received less, in successive order, (i) the percentage of premium expense charge from the "Table of Expense Charges", (ii) the initial policy fee, and (iii) the monthly deduction for the then current policy month.

Net Cash Value. The net cash value as of any date shall equal the cash value on that date as determined above less any indebtedness against the policy.

Monthly Deduction. The monthly deduction for a policy month will be calculated as Charge (1) plus Charge (2) where:

CHARGE (1) is the cost of insurance (as described in the "Cost of Insurance" provision) and the cost of any additional benefits provided by rider for the policy month.

CHARGE (2) is the monthly expense charge from the "Table of Expense Charges".

Interest Rates. The Company will credit interest to the cash value of the policy on each Monthly Anniversary Day.

The interest rate applied to the net cash value of the policy will be the greater of:

(a) .32737% per month, compounded monthly (4% compounded yearly), or

(b) a rate determined by the Company from time to time. Such rate will be established on a prospective basis and may vary by the issue year and duration.

The monthly interest rate applied to that portion of the cash value which secures any outstanding policy loan when expressed as an equivalent annual rate shall be the greater of (a) 4% or (b) the policy loan rate (as described in the "Loan Interest" section) less a percentage no greater than 2%.

Cost of Insurance. The cost of insurance for the Insured is determined on a monthly basis. Such cost is calculated as (1), multiplied by the result of (2) minus (3), where:

(1) is the cost of insurance rate as described in the "Cost of Insurance Rates" provision,

(2) is the death benefit at the beginning of the policy month, divided by 1.0032737, and

(3) is the cash value at the beginning of the policy month prior to the deduction for the monthly cost of insurance.

Cost of Insurance Rates. Monthly cost of insurance rates will be determined by the Company, based on its expectations as to future mortality experience. Any change in cost of insurance rates will apply to all individuals of the

same class as the Insured. Under no circumstances will the cost of insurance rates ever be greater than those shown in the "Table of Guaranteed Maximum Life Insurance Rates". Such guaranteed maximum rates are based on the applicable Commissioners 1980 Standard Ordinary Mortality Table (age nearest birthday) modified by any flat extra or risk factors for the applicable premium class.

Insufficient Value. If the surrender value, on the day preceding a Monthly Anniversary Day is insufficient to cover the monthly deduction for the month following such Monthly Anniversary Day, the policy will terminate as provided in the "Grace Period" provision.

Basis of Computations. The minimum cash values under this policy are guaranteed to be no less than those calculated based on the applicable Commissioners 1980 Standard Ordinary Mortality Table (age nearest birthday) with interest at 4% per year, compounded yearly.

The cash values are at least equal to those required on the Date of Issue by the jurisdiction in which this policy is delivered. A detailed statement of the method of computing values has been filed with the insurance supervisory official of that jurisdiction.

Continuation of Insurance. In the event planned annual premium payments are not continued, insurance coverage under this policy and any benefits provided by rider will be continued until the surrender value is insufficient to cover the monthly deduction, as provided in the "Grace Period" provision. This provision will not continue the policy beyond the Maturity Date nor continue any rider beyond the date for its termination, as provided in the rider. At the Maturity Date, the Company will pay

the net cash value to the Owner if the Insured is then living.

Surrender and Surrender Value. This policy may be surrendered on any Monthly Anniversary Day during the lifetime of the Insured and before the Maturity Date. The amount payable on surrender of this policy (i.e., the "surrender value") will be the net cash value on the date of surrender less a charge determined from the "Table of Surrender Charges". (The charges shown in the table are the charges imposed at the beginning of the policy year; charges imposed upon surrender during the policy year will be determined on a consistent basis allowing for the lapse of time within such year.)

This surrender value will be paid in cash or under an elected optional mode of settlement. The Company may defer the payment of the surrender value for the period permitted by law, but not for more than 6 months from the date of request for surrender.

If surrender is requested under this section within 30 days after a policy anniversary, the surrender value will not be less than the surrender value on that anniversary, less any policy loans or partial surrenders made on or after such anniversary.

Partial Surrender. A partial surrender of this policy may be elected on any Monthly Anniversary Day during the lifetime of the Insured and prior to the Maturity Date by submitting written request to the Company. The amount of the partial surrender (a) must be at least $500.00 but (b) may not exceed 90% of the then current surrender value.

When a partial surrender is made, the amount of the partial surrender will be deducted from the cash value. Also, the death benefit (under either Specified Amount Option A or B) will be reduced by the amount of the partial surrender. Under Option B, the Specified Amount will be reduced by the amount of the partial surrender. The Specified Amount remaining in force after any partial surrender will be subject to the limits and minimum amount described in the "Changes in Amount of Death Benefit" provision.

A fee as set forth in the "Table of Expense Charges" will be deducted for each partial surrender. The Company reserves the right to limit the number of partial surrenders in a policy year. The Company also reserves the right to defer payment for the period permitted by law, but not for more than 6 months from the date of request for the partial surrender, unless such partial surrender amount is to be applied to the payment of premiums on policies with the Company.

LOAN PROVISIONS

Policy Loans. After a cash surrender value is available, the Company will grant a loan against the policy provided: (a) a proper loan agreement is executed and (b) a satisfactory assignment of the policy to the Company is made. The policy will be the sole security for the loan. The total amount of all loans with interest may not exceed the surrender value of the policy.

The Company may defer a loan for 6 months from the date of the request for the loan. The Company will not,

however, defer a loam to be used to pay premiums on policies with the Company.

Loan Interest. Interest on any policy loan will be at a rate no greater than 8% per year payable in arrears. Loan interest is payable annually on each policy anniversary or as otherwise agreed in writing by the Owner and the Company. Interest not paid when due will then be added to the loan and bear interest at the same rate. Interest, as it accrues from day to day will constitute an indebtedness.

Indebtedness. The term "indebtedness" means money which is owed on this policy because of a loan on this policy. Any indebtedness at time of settlement will reduce the proceeds. Indebtedness may be repaid in whole or in part at any time before the policy matures. If, however, a premium is not paid within the grace period, any outstanding indebtedness can be repaid only if the policy is reinstated.

If at any time the total indebtedness against the policy, including interest accrued but not due, equals or exceeds the then current cash value, the policy will thereupon terminate without value subject to the conditions in the "Grace Period" provision.

GENERAL PROVISIONS

The Policy. The policy and the application for the policy (including any supplemental applications for additional Specified Amounts) constitute the entire contract between the parties. All statements made in the application will, in the absence of fraud, be deemed representations and not

warranties. No statement will be used in defense of a claim under the policy unless it is contained in the application, and a copy of the application is attached to the policy when issued.

Only the President, a Vice President, a Secretary, a Director or an Assistant Director of the Company may make or modify this policy.

The policy is executed at the Home Office of the Company, the Post Office address of which is Hartford, Connecticut.

Non-Participation. The policy is not entitled to share in surplus distribution.

Payment of Proceeds. Proceeds, as used in this policy, means the amount payable (a) on the Maturity Date, (b) upon the surrender of this policy before the Maturity Date, or (c) upon the death of the insured.

The proceeds payable upon receipt of due proof of the Insured's death will be the Insured's death benefit less (a) any indebtedness against the policy and (b) the amount of any partial surrenders. If the policy is surrendered before the Maturity Date, the proceeds will be the surrender value described in the "Nonforfeiture Provisions" section. On the Maturity Date, the proceeds will be the net cash value. The proceeds are subject to the adjustments described in the following provisions:

1. Misstatement of age;
2. Incontestablility;
3. Suicide;
4. Partial Surrender;

5. Grace Period; and

6. Indebtedness.

When settlement is made, the Company may require return of the policy.

Misstatement of Age. If the age of the Insured is misstated, the Company will adjust all benefits to the amounts that would have been purchased for the correct age according to the basis specified in the "Table of Guaranteed Maximum Life Insurance Rates".

Suicide. If the Insured commits suicide, while sane or insane, within 2 years from the Date of Issue, the death benefit will be limited to a refund of premiums paid, less (a) any indebtedness against the policy and (b) the amount of any partial surrenders. If the Insured commits suicide, while sane or insane, within 2 years from the effective date of any increase in the Specified Amount, the death benefit payment with respect to such increase will be limited to a refund of the monthly charges for the cost of such insurance.

Incontestability. Except for nonpayment of monthly deductions, this policy will be incontestable after it has been in force during the Insured's lifetime for 2 years from its Date of Issue. This means that the Company will not use any material misstatement in the application to challenge a claim or avoid liability after that time. Any increase in the Specified Amount effective after the Date of Issue will be incontestable only after such increase has been in force for 2 years during the Insured's lifetime.

The basis for contesting an increase in Specified Amount will be limited to material misrepresentations made in the

supplemental application for the increase. The basis for contesting after reinstatement will be (a) limited for a period of 2 years from the date of reinstatement and (b) limited to material misrepresentations made in the reinstatement application.

Annual Report. The Company will send a report to the Owner at least once a year without charge for such a report. The report will show (a) the current death benefit, (b) the current net cash value, (c) premiums paid and all deductions made since the last report, and (d) outstanding policy loans.

Change of Plan. This policy may be exchanged for another policy only if the Company consents to the exchange and all requirements for the exchange as determined by the Company are met.

Optional Methods of Settlement

This rider is made part of the policy to which it is attached as of the Date of Issue.

Upon written request, the Company will agree to pay in accordance with any one of the options shown below all or part of the net proceeds that may be payable under the policy. If (a) the proceeds to be settled under any option are less than $2,500, (b) any installment or interest payment is less than $25, or (c) any payee is a corporation, partnership, association, trustee or assignee, such options will be available only with the Company's consent.

While the Insured is alive, the request may be made by the Owner. Unless otherwise specified in writing by the

Owner, such a request may also be made by the Beneficiary, after the Insured's death provided it is made prior to any payment.

Option A: Annuity Certain. A definite number of equal installments or their equivalent will be payable. The first payment will be payable on the date proceeds are settled under the option. The amount of each instalment [sic] will be determined from the Option A Table. The Option A Table is based on a guaranteed interest rate of 3% per year compounded annually.

Option B: Life Annuity with Certain Period. A definite number of equal monthly instalments [sic] or their equivalent, and as long thereafter as the payee lives, will be payable. The first payment will be payable on the date proceeds are settled under the option. The amount of each instalment [sic] will be determined from the Option B Table based on the payee's sex and settlement age. The settlement age shown in the Option B Table will be the payee's age, nearest birthday, on the date the first amount is paid modified as follows:

Calendar Year in which the first instalment [sic] is payable	Settlement Age of Payee is age nearest birthday plus
Before 1900	3
1900-1999	2
2000-2009	1
2010 and later	0

The Option B Table is based on a guaranteed interest rate of 3.5% per year compounded annually.

Option C: As a Deposit at Interest. The Company will retain the proceeds while the payee is alive and will pay interest annually thereon at a rate of not less than 3% per year. Upon the payee's death, the amount on deposit will be paid.

Option D: Instalments [sic] Until Proceeds are Exhausted. Instalments [sic] of specified amounts will be payable until the proceeds with any interest thereon are exhausted. The first instalment [sic] will be payable on the date proceeds are settled under the option. The instalment [sic] amounts must be at least $120 per year per $1,000 of the proceeds retained. Interest will be payable at a rate of not less than 3% per year compounded annually.

Additional Options. Any proceeds payable under the policy may also be settled under any other method of settlement offered by the Company at the time of the request.

Excess Interest. At the sole discretion of the Company, excess interest may be paid or credited from time to time in addition to the payments guaranteed under any Optional Method of Settlement.

Connecticut General Life Insurance Company

/s/ Laurence P. English
PRESIDENT

Optional Methods of Settlement (Continued)

Option A Table For Each $ 1,000 Retained

Number of years during which instalments will be paid	Amount of each instalment		Number of years during which instalments will be paid	Amount of each instalment		Number of years during which instalments will be paid	Amount of each instalment	
	Annual	Monthly		Annual	Monthly		Annual	Monthly
1	$1,000.00	$84.47	9	$124.69	$10.53	16	$77.29	$6.53
2	507.39	42.86	10	113.82	9.61	17	73.74	6.23
3	343.23	28.99	11	104.93	8.86	18	70.59	5.96
4	261.18	22.06	12	97.54	8.24	19	67.78	5.73
5	211.99	17.91	13	91.29	7.71	20	65.26	5.51
6	179.22	15.14	14	85.95	7.26	25	55.76	4.71
7	155.83	13.16	15	81.33	6.87	30	49.53	4.18
8	138.31	11.68						

Option B Table For Each $1,000 Retained

Settlement age of payee nearest birthday		Number of instalments certain				Settlement age of payee nearest birthday		Number of instalments certain				Settlement age of payee nearest birthday		Number of instalments certain			
		60	120	180	240			60	120	180	240			60	120	180	240
Male	Female					Male	Female					Male	Female				
	10*	$3.16	$3.16	$3.16	$3.15	32	37	$3.67	$3.66	$3.65	$3.64	59	64	$5.47	$5.34	$5.15	$4.91
	11	3.17	3.17	3.17	3.16	33	38	3.70	3.70	3.69	3.67	60	65	5.59	5.45	5.24	4.97
	12	3.18	3.18	3.18	3.17	34	39	3.74	3.73	3.72	3.70	61	66	5.71	5.56	5.33	5.03
	13	3.19	3.19	3.19	3.18	35	40	3.77	3.77	3.75	3.74	62	67	5.85	5.68	5.42	5.10
	14	3.20	3.20	3.20	3.20	36	41	3.81	3.80	3.79	3.77	63	68	5.99	5.80	5.51	5.16
10*	15	3.21	3.21	3.21	3.21	37	42	3.85	3.84	3.83	3.81	64	69	6.15	5.93	5.61	5.21
11	16	3.23	3.22	3.22	3.22	38	43	3.89	3.88	3.87	3.84	65	70	6.31	6.07	5.70	5.27
12	17	3.24	3.24	3.24	3.23	39	44	3.94	3.93	3.91	3.88	66	71	6.48	6.21	5.80	5.33
13	18	3.25	3.25	3.25	3.25	40	45	3.99	3.97	3.95	3.92	67	72	6.66	6.35	5.90	5.38
14	19	3.27	3.27	3.26	3.26	41	46	4.03	4.02	4.00	3.96	68	73	6.86	6.50	6.00	5.43
15	20	3.28	3.28	3.28	3.27	42	47	4.09	4.07	4.05	4.00	69	74	7.07	6.66	6.10	5.48
16	21	3.30	3.30	3.29	3.29	43	48	4.14	4.13	4.09	4.05	70	75	7.29	6.83	6.19	5.52
17	22	3.31	3.31	3.31	3.31	44	49	4.20	4.18	4.14	4.09	71	76	7.52	7.00	6.29	5.56
18	23	3.33	3.33	3.33	3.32	45	50	4.26	4.24	4.20	4.14	72	77	7.77	7.17	6.38	5.60
19	24	3.35	3.35	3.34	3.34	46	51	4.32	4.30	4.25	4.18	73	78	8.04	7.35	6.47	5.63
20	25	3.37	3.37	3.36	3.36	47	52	4.39	4.36	4.31	4.23	74	79	8.32	7.53	6.55	5.66
21	26	3.39	3.38	3.38	3.38	48	53	4.46	4.43	4.37	4.28	75	80	8.62	7.71	6.63	5.68
22	27	3.41	3.40	3.40	3.40	49	54	4.53	4.49	4.43	4.34	76	81	8.94	7.89	6.71	5.70
23	28	3.43	3.43	3.42	3.42	50	55	4.61	4.56	4.49	4.39	77	82	9.28	8.07	6.78	5.72
24	29	3.45	3.45	3.44	3.44	51	56	4.69	4.64	4.55	4.44	78	83	9.63	8.25	6.84	5.73
25	30	3.47	3.47	3.47	3.46	52	57	4.77	4.71	4.62	4.50	79	84	10.00	8.43	6.89	5.74
26	31	3.50	3.49	3.49	3.48	53	58	4.85	4.79	4.69	4.55	80	85**	10.39	8.60	6.94	5.74
27	32	3.52	3.52	3.51	3.51	54	59	4.94	4.87	4.76	4.61	81		10.80	8.77	6.98	5.75
28	33	3.55	3.54	3.54	3.53	55	60	5.04	4.96	4.84	4.67	82		11.22	8.93	7.01	5.75
29	34	3.58	3.57	3.57	3.56	56	61	5.14	5.05	4.91	4.73	83		11.66	9.08	7.04	5.75
30	35	3.60	3.60	3.59	3.58	57	62	5.24	5.14	4.99	4.79	84		12.12	9.21	7.06	5.75
31	36	3.64	3.63	3.62	3.61	58	63	5.35	5.24	5.07	4.85	85**		12.60	9.34	7.07	5.75

* and under

** and over

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

POLICY AMENDMENT. The policy is hereby amended by the addition of the following provision:

Formula For Surrender Charges. The surrender charges for this policy are deducted from the cash value upon surrender. The surrender charges apply from the Date of Issue of the policy and from the effective date of any increase in Specified Amount. The surrender charge calculated as of each policy anniversary is A times B times C where A, B, and C are defined as follows:

A is the difference between the Expense Allowance and the initial policy fee. The Expense Allowance is based on the age of the Insured on the Date of Issue or on the date of an increase in Specified Amount and is the Expense Allowance Per Thousand of Specified Amount shown in Table B on the reverse times the initial Specified Amount or increase in Specified Amount. The initial policy fee is the fee shown on page 8 of the policy but is zero for an increase in Specified Amount.

B is X divided by Y where X and Y are defined as follows:

X is the present value of an annuity for one dollar payable annually beginning on the current anniversary of the Issue of the policy or the current anniversary of the effective date of an increase in Specified Amount and ending on the nineteenth anniversary of the Issue of the policy or the nineteenth anniversary of an increase in Specified Amount.

Y is the present value of an annuity for one dollar payable annually beginning on the Date of Issue or the effective date of increase in Specified Amount and ending on the nineteenth anniversary of the Date of Issue of the policy or the nineteenth anniversary of the effective date of an increase in Specified Amount.

All present values are based on the applicable 1980 CSO Mortality Table and 4% interest.

C is the durational factor shown in Table A below.

The surrender charges applicable between anniversaries are determined by linear interpolation between the surrender charges applicable at the last and next anniversaries.

This rider is attached to and forms a part of the policy as of its Date of Issue and is to take effect on such date. Except as specifically altered by this rider, all of the provisions and conditions of the policy remain in full force and effect.

TABLE A

DURATIONAL FACTORS

Policy Year	Surrender Charge Durational Factor at end of Policy Year
1	1.00
2	1.00
3	1.00

4	1.00
5	1.00
6	1.00
7	1.00
8	1.00
9	1.00
10	1.00
11	1.00
12	0.75
13	0.50
14	0.25
15	0.00
16 and thereafter	0.00

/s/ Laurence P. English
PRESIDENT

TABLE B

Factors for Calculation of Surrender Charges

AGE	EXPENSE ALLOWANCE PER $1000 OF SPECIFIED AMOUNT	
	MALE	FEMALE
0	$14.47	$13.62
1	14.45	13.63
2	14.58	13.75
3	14.73	13.86
4	14.90	13.98
5	15.06	14.12
6	15.23	14.26
7	15.42	14.41
8	15.62	14.57
9	15.83	14.73
10	16.06	14.91
11	16.30	15.08
12	16.55	15.27
13	16.80	15.47
14	17.06	15.67
15	17.31	15.88
16	17.58	16.11
17	17.85	16.33
18	18.12	16.57
19	18.41	16.82
20	18.70	17.08
21	19.01	17.35
22	19.32	17.63
23	19.67	17.92
24	20.02	18.23
25	$20.41	$18.56
26	20.82	18.90
27	21.25	19.26
28	21.71	19.63
29	22.20	20.02
30	22.71	20.43
31	23.25	20.87
32	23.82	21.33
33	24.43	21.81
34	25.07	22.31
35	25.75	22.85
36	26.46	23.40
37	27.21	23.98
38	28.00	24.60
39	28.83	25.23
40	29.71	25.91
41	30.62	26.61
42	31.60	27.35
43	32.62	28.11
44	33.70	28.92
45	34.83	29.76
46	36.03	30.65
47	37.31	31.58
48	38.65	32.57
49	40.07	33.62
50	$41.58	$34.71
51	43.18	35.87
52	44.88	37.10
53	46.68	38.40
54	48.58	39.77
55	50.00*	41.22
56		42.76
57		44.40
58		46.15
59		48.02
60		50.00*

* AND THEREAFTER UNTIL POLICY MATURITY DATE

CONNECTICUT GENERAL LIFE INSURANCE COMPANY
HARTFORD, CONNECTICUT

POLICY AMENDMENT

The "Death Benefit" provision of the policy is hereby amended as follows:

As of the Date of Issue of this policy the formula in effect under item (b) of both Specified Amount Option A and Specified Amount Option B is the following:

(i) If death occurs on or before age 40, 250% of the cash value on the date of death.

(ii) If death occurs after age 40, a percent of the cash value on the date of death as determined from the following table:

Attained Age (Nearest Birthday)	Percentage	Attained Age (Nearest Birthday)	Percentage
41	243%	61	128%
42	236	62	126
43	229	63	124
44	222	64	122
45	215	65	120
46	209	66	119
47	203	67	118
48	197	68	117
49	191	69	116
50	185	70	115
51	178	71	113
52	171	72	111
53	164	73	109
54	157	74	107
55	150	75-90	105

56	146	91	104
57	142	92	103
58	138	93	102
59	134	94	101
60	130	95	100

This rider is to be attached to and forms a part of the policy as of its date of issue and is to take effect on such date. Except as specifically altered by this rider, all of the provisions and conditions of the policy remain in full force and effect.

/s/ Laurence P. English
PRESIDENT

APPENDIX E

CIGNA Securities, Inc.

[LOGO]

FINANCIAL PLANNING SERVICES ONE YEAR CONTRACT

Financial Planning Services Contract Between CIGNA Securities, Inc., a registered investment advisor ("Advisor") and the client named below.

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1. GENERAL PURPOSE.

   By this contract, you engage Advisor to provide personal financial planning services for a period of one year as described below, and Advisor agrees to provide these services.

2. SERVICES TO BE PROVIDED.

   During the term of this contract Advisor will provide planning services in the areas specified below. Planning services will be summarized by a written plan for you which reflects your current financial circumstances, your financial outlook and your personal objectives.

[X] Estate Planning	[ ]Fringe Benefit Planning
[ ] Business Continuity Planning	[ ]Income Tax Planning
[X] Retirement Planning	[ ]Investment Planning

3. PLANNING WILL FOLLOW THIS PROCESS.

   In creating your plan, you and Advisor will follow this process:

   a. Data: You will provide Advisor with financial and personal data necessary to prepare your plan.

b. Analysis: Advisor will analyze data and documents provided, evaluate your ability to meet your objectives, make observations, identify problems and recommend strategies for your consideration.

c. Written Plan: On the basis of the data you provide and the objectives chosen, Advisor will prepare and present a personal financial plan summarized in written form.

4. COMPENSATION TO ADVISOR FOR PLANNING SERVICES.

For the financial planning services described above, you agree to pay a fee of $ 1250.00.

(Continued on reverse)

This financial planning contract is agreed to between us, effective 4-24-91 (*Date*) at MIDLAND, TEXAS (*City/State*).

Name of Client John R. Kirwan
Social Security Number 441-20-7200
Name of Client Carolyn Kirwan
Social Security Number 085-24-2537
Street 400 West Texas; 1216 Vaughn Bldg
City Midland State TX Zip 79701
Phone: Bus. 915-682-8619 Home 915-684-4191
Client Signature /s/ John R. Kirwan
Client Signature /s/ Carolyn Kirwan

By /s/ Kathy J. Hughes
Authorized Representative
By /s/ Illegible
Authorized Representative

5. IMPLEMENTATION OF YOUR FINANCIAL PLAN.

The services of advisor under this contract are limited to recommending strategies for you to consider to achieve your financial objectives. We will at your request, facilitate and coordinate the necessary steps to implement your plan in conjunction with your attorney, accountant and other pertinent advisors. However our services are analytical and advisory only and do not include any legal, accounting or other professional services.

Implementation of product related recommendations is not included under this financial planning contract. If you desire, CIGNA Securities, Inc. and its affiliates, acting in a sales capacity, will recommend specific investments, insurance or other financial products through which your plan can be specifically implemented. The purchase of such products normally results in the payment of commissions. There is no additional fee for this service.

6. RENEWAL OF YOUR FINANCIAL PLAN.

At the end of the term of this contract, you may engage Advisor to provide financial services for an additional year. Advisor will determine the renewal fee based on services to be provided. Both you and Advisor retain the right not to renew this contract.

7. MAJOR REVISIONS.

If at any time your Plan requires a major revision (resulting, for example, from the sale of a business or a divorce) an additional fee may be charged. We will quote this fee to you and receive your consent to it in advance of performing any work on the revision.

8. RECEIPT OF DISCLOSURE BROCHURE.

You acknowledge receipt of Advisor's Disclosure Brochure. This Disclosure Brochure has been prepared and delivered in accordance with the Investment Adviser's Act of 1940 and the rules thereunder. It contains important information concerning the background and organization of Advisor and its key people. It also describes possible conflicts of interest. You should be aware of the multiple roles which CIGNA Securities, Inc. and its affiliates play as financial advisor and as issuer, investment manager and/or broker with respect to various financial products.

9. NO RIGHT OF ASSIGNMENT.

Advisor may not assign this contract, as that term is defined in the Investment Adviser's Act of 1940.

10. RIGHT TO TERMINATE.

You have the right to terminate this contract without penalty at any time within five business days after the effective date of this contract. To effect termination you must notify Advisor in writing.

11. ENTIRE AGREEMENT AMENDMENT.

This contract constitutes the entire agreement between us. It may be amended only by a written agreement signed by you and by an officer of Advisor.

12. NOTICES.

All notices and other communications hereunder shall be in writing.